

**ACADIANA REGIONAL
DEVELOPMENT DISTRICT**

Lafayette, Louisiana

Financial Report

Year Ended June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/2/11

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acadiana Regional Development District (a nonprofit corporation), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Acadiana Regional Development District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of Acadiana Regional Development District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Acadiana Regional Development District has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*," and the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Acadiana Regional Development District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 27, 2010

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Statement of Net Assets June 30, 2010 With Comparative Totals for June 30, 2009

	2010			2009
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
Current assets:				
Cash-unrestricted	\$ 62,390	\$ -	\$ 62,390	\$ 144,895
Cash-restricted	-	1,360,623	1,360,623	1,151,034
Accounts receivable	230,934	-	230,934	391,762
Loans receivable	-	4,808,421	4,808,421	5,430,579
Interfund receivable	202,149	-	202,149	311,152
Foreclosed real estate	-	18,219	18,219	18,219
Utility deposits	29	-	29	15
Total current assets	495,502	6,187,263	6,682,765	7,447,656
Noncurrent assets:				
Capital assets, net	18,276	-	18,276	22,692
Total assets	\$ 513,778	\$ 6,187,263	\$ 6,701,041	\$ 7,470,348
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	\$ 84,009	\$ 18,774	\$ 102,783	\$ 91,526
Accounts payable	156,411	-	156,411	206,467
Interfund payable	112,474	89,675	202,149	311,152
Total current liabilities	352,894	108,449	461,343	609,145
Noncurrent liabilities:				
Long-term debt	500,000	214,391	714,391	734,612
NET ASSETS				
Invested in capital assets, net of related debt	18,276	-	18,276	22,692
Restricted for relending activities	-	5,864,423	5,864,423	6,342,702
Unrestricted	(357,392)	-	(357,392)	(238,803)
Total net assets	\$ (339,116)	\$ 5,864,423	\$ 5,525,307	\$ 6,126,591

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Statement of Activities Year Ended June 30, 2010

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Economic development	\$ 902,513	\$ -	\$ 270,532	\$ (631,981)	\$ -	\$ (631,981)
Business-type activities:						
Relending programs	141,792	86,538	28,150	-	(27,104)	(27,104)
Total	<u>\$ 1,044,305</u>	<u>\$ 86,538</u>	<u>\$ 298,682</u>	<u>(631,981)</u>	<u>(27,104)</u>	<u>(659,085)</u>
General revenues:						
Contributions not restricted to specific programs -						
Local dues revenues				42,484	-	42,484
Interest income				1,590	-	1,590
Miscellaneous				13,727	-	13,727
Transfers				451,175	(451,175)	-
Total general revenues				<u>508,976</u>	<u>(451,175)</u>	<u>57,801</u>
Change in net assets				(123,005)	(478,279)	(601,284)
Net assets - June 30, 2009				<u>(216,111)</u>	<u>6,342,702</u>	<u>6,126,591</u>
Net assets - June 30, 2010				<u>\$ (339,116)</u>	<u>\$ 5,864,423</u>	<u>\$ 5,525,307</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Balance Sheet – Governmental Funds
June 30, 2010
(With Comparative Totals as of June 30, 2009)**

	<u>General</u>	<u>Business Recovery Grant/Loan Program</u>	<u>Rural Business Enterprise Grant</u>	<u>SBA PRIME Fund</u>
ASSETS				
Cash-unrestricted	\$ 62,336	\$ -	\$ 54	\$ -
Accounts receivable	29,941	78	5,176	-
Interfund receivable	115,817	-	-	-
Utility deposits	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 208,123</u>	<u>\$ 78</u>	<u>\$ 5,230</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,751	\$ -	\$ -	\$ -
Current portion of long-term debt	84,009	-	-	-
Interfund payable	<u>-</u>	<u>78</u>	<u>5,230</u>	<u>-</u>
Total liabilities	<u>103,760</u>	<u>78</u>	<u>5,230</u>	<u>-</u>
Fund balances				
Unreserved, undesignated	<u>104,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>104,363</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 208,123</u>	<u>\$ 78</u>	<u>\$ 5,230</u>	<u>\$ -</u>

EDA Fund	Small Firm TA Program	Recovery Workforce Program	Other Governmental Funds	Totals	
				2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 62,390	144,895
90,921	-	88,573	16,245	230,934	391,762
-	38,245	48,087	-	202,149	259,785
-	-	-	-	29	15
<u>\$ 90,921</u>	<u>\$ 38,245</u>	<u>\$ 136,660</u>	<u>\$ 16,245</u>	<u>\$ 495,502</u>	<u>\$ 796,457</u>
\$ -	\$ -	\$ 136,660	\$ -	\$ 156,411	206,467
-	-	-	-	84,009	72,938
90,921	-	-	16,245	112,474	255,855
<u>90,921</u>	<u>-</u>	<u>136,660</u>	<u>16,245</u>	<u>352,894</u>	<u>535,260</u>
-	38,245	-	-	142,608	261,197
-	38,245	-	-	142,608	261,197
<u>\$ 90,921</u>	<u>\$ 38,245</u>	<u>\$ 136,660</u>	<u>\$ 16,245</u>	<u>\$ 495,502</u>	<u>\$ 796,457</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
June 30, 2010

Total fund balances for governmental funds at June 30, 2010	\$ 142,608
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds. Those assets consist of:	
Equipment, net of \$46,475 accumulated depreciation	18,276
Long term debt amounts are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	<u>(500,000)</u>
Total net assets of governmental activities at June 30, 2010	<u>\$ (339,116)</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

Year Ended June 30, 2010

(With Comparative Totals for the Year Ended June 30, 2009)

	General Fund	Business Recovery Grant/Loan Program	Rural Business Enterprise Grant	SBA PRIME Fund
Revenues:				
Federal grants	\$ 10,247	\$ -	\$ 20,746	\$ 17,010
State grants	13,746	-	-	-
Local funds	29,103	-	-	-
Other	<u>13,067</u>	<u>2,250</u>	<u>-</u>	<u>-</u>
Total revenues	<u>66,163</u>	<u>2,250</u>	<u>20,746</u>	<u>17,010</u>
Expenditures:				
Personnel	139,834	163,472	19,821	51,934
Grant/loan disbursements	-	-	-	-
Advertising	3,992	1,989	46	67
Bad debts	-	-	-	-
Board activities	853	-	-	-
Consulting	4,217	-	-	3,000
Contractual services	70,713	-	-	-
Dues and subscriptions	2,156	1,304	59	67
Equipment costs	1,830	1,707	-	71
Insurance and bonding	5,179	5,488	-	-
Interest	30,390	-	-	-
Miscellaneous	22,151	6,646	294	1,016
Supplies	6,303	2,391	80	1,456
Professional fees	8,216	21,547	281	-
Rent and utilities	9,861	27,765	317	-
Technical assistance	-	293	2,020	9,562
Telephone	4,049	10,655	489	-
Training	1,692	935	385	468
Travel	11,829	3,000	609	298
Capital outlay	<u>3,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>326,940</u>	<u>247,192</u>	<u>24,401</u>	<u>67,939</u>
Excess (deficiency) of revenues over expenditures	(260,777)	(244,942)	(3,655)	(50,929)
Other financing sources (uses):				
Proceeds of long term debt issuance	-	-	-	-
Operating transfers in	151,958	244,942	3,655	50,929
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>151,958</u>	<u>244,942</u>	<u>3,655</u>	<u>50,929</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(108,819)	-	-	-
Fund balance, beginning	<u>213,182</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 104,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EDA Fund	Small Firm TA Program	Recovery Workforce Program	Other Governmental Funds	Total	
				2010	2009
\$ 126,110	\$ 14,430	\$ -	\$ 68,243	\$ 256,786	\$ 3,677,627
-	-	-	-	13,746	2,652
13,381	-	-	-	42,484	81,780
-	-	-	-	15,317	17,546
<u>139,491</u>	<u>14,430</u>	<u>-</u>	<u>68,243</u>	<u>328,333</u>	<u>3,779,605</u>
100,225	6,686	-	22,174	504,146	581,938
-	-	-	-	-	3,130,240
96	223	-	172	6,585	14,336
-	-	58,300	-	58,300	-
-	-	-	-	853	931
-	270	-	-	7,487	51,490
14,655	-	-	-	85,368	58,926
167	217	-	2	3,972	10,874
605	48	-	8	4,269	-
324	387	-	23	11,401	11,651
-	-	-	-	30,390	11,221
832	488	-	63	31,490	18,321
148	202	-	107	10,687	31,485
1,448	592	-	123	32,207	60,573
1,061	1,049	-	68	40,121	55,313
-	4,424	-	225	16,524	2,913
1,752	661	-	29	17,635	22,693
40	239	-	4,406	8,165	36,534
3,377	24	-	5,685	24,822	29,492
-	-	-	-	3,675	-
<u>124,730</u>	<u>15,510</u>	<u>58,300</u>	<u>33,085</u>	<u>898,097</u>	<u>4,128,931</u>
14,761	(1,080)	(58,300)	35,158	(569,764)	(349,326)
-	-	-	-	-	500,000
-	-	49,610	-	501,094	180,995
<u>(14,761)</u>	<u>-</u>	<u>-</u>	<u>(35,158)</u>	<u>(49,919)</u>	<u>(180,995)</u>
<u>(14,761)</u>	<u>-</u>	<u>49,610</u>	<u>(35,158)</u>	<u>451,175</u>	<u>500,000</u>
-	(1,080)	(8,690)	-	(118,589)	150,674
-	<u>39,325</u>	<u>8,690</u>	<u>-</u>	<u>261,197</u>	<u>110,523</u>
<u>\$ -</u>	<u>\$ 38,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,608</u>	<u>\$ 261,197</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Funds to the Statement of Activities
June 30, 2010

Total net changes in fund balances at June 30, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (118,589)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Capital outlay expenditures	3,675
Depreciation expense for the year ended June 30, 2010	<u>(8,091)</u>
Total changes in net assets at June 30, 2010 per Statement of Activities	<u>\$ (123,005)</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Comparative Statement of Net Assets
Proprietary Funds
June 30, 2010 and 2009**

	<u>EDA Relending Program</u>	<u>BRGLP Relending Program</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
ASSETS				
Cash-restricted	\$ 483,426	\$ 877,197	\$ 1,360,623	\$ 1,151,034
Loans receivable	450,954	4,357,467	4,808,421	5,430,579
Interfund receivable	-	-	-	51,367
Foreclosed real estate	<u>18,219</u>	<u>-</u>	<u>18,219</u>	<u>18,219</u>
 Total assets	 <u>952,599</u>	 <u>5,234,664</u>	 <u>6,187,263</u>	 <u>6,651,199</u>
LIABILITIES				
Current liabilities:				
Current portion of long-term debt	18,774	-	18,774	18,588
Accounts payable	-	-	-	-
Interfund payable	<u>72,573</u>	<u>17,102</u>	<u>89,675</u>	<u>55,297</u>
Total current liabilities	<u>91,347</u>	<u>17,102</u>	<u>108,449</u>	<u>73,885</u>
Noncurrent liabilities:				
Long-term debt	<u>214,391</u>	<u>-</u>	<u>214,391</u>	<u>234,612</u>
NET ASSETS				
Restricted for relending activities	<u>646,861</u>	<u>5,217,562</u>	<u>5,864,423</u>	<u>6,342,702</u>
Total net assets	<u>\$ 646,861</u>	<u>\$ 5,217,562</u>	<u>\$ 5,864,423</u>	<u>\$ 6,342,702</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Years Ended June 30, 2010 and 2009**

	EDA Relending Program	BRGLP Relending Program	Total	
			2010	2009
Operating revenues:				
Interest income	\$ 49,477	\$ 37,061	\$ 86,538	\$ 36,894
Operating expenses				
Personnel	24,752	-	24,752	25,448
Advertising	1,150	185	1,335	-
Bad debt provision	93,672	-	93,672	107,700
Contractual services	553	-	553	-
Supplies	363	15	378	991
Insurance and bonding	116	-	116	-
Interest expense	2,203	-	2,203	4,069
Miscellaneous	15,347	1,551	16,898	12,693
Professional fees	869	-	869	10,009
Rent and utilities	40	-	40	-
Technical assistance	-	135	135	-
Telephone	744	-	744	719
Training	-	-	-	46
Travel	23	74	97	681
Total operating expenses	<u>139,832</u>	<u>1,960</u>	<u>141,792</u>	<u>162,356</u>
Income (loss) from operations	(90,355)	35,101	(55,254)	(125,462)
Non-operating revenues:				
Capital grants	<u>28,150</u>	<u>-</u>	<u>28,150</u>	<u>2,040,280</u>
Net income (loss) before transfers	(62,205)	35,101	(27,104)	1,914,818
Transfers out	<u>-</u>	<u>(451,175)</u>	<u>(451,175)</u>	<u>-</u>
Change in net assets	(62,205)	(416,074)	(478,279)	1,914,818
Retained earnings - restricted, beginning	<u>709,066</u>	<u>5,633,636</u>	<u>6,342,702</u>	<u>4,427,884</u>
Retained earnings - restricted, ending	<u>\$ 646,861</u>	<u>\$ 5,217,562</u>	<u>\$ 5,864,423</u>	<u>\$ 6,342,702</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Comparative Statement of Cash Flows Proprietary Fund Years Ended June 30, 2010 and 2009

	EDA Relending Program	BRGLP Relending Program	Total	
			2010	2009
Cash flows from operating activities:				
Receipts from customers	\$ 102,394	\$ 1,039,630	\$ 1,142,024	\$ 712,350
Receipts of capital grants	28,150	-	28,150	2,040,280
Loans to customers	(28,150)	(498,850)	(527,000)	(2,174,166)
Payments to employees	(24,752)	-	(24,752)	(25,448)
Payments to suppliers	(21,408)	(1,960)	(23,368)	(30,313)
Net cash provided by operating activities	<u>56,234</u>	<u>538,820</u>	<u>595,054</u>	<u>522,703</u>
Cash flows from noncapital financing activities:				
Net increase in interfund payables	17,276	68,469	85,745	86,774
Transfers to other funds	-	(451,175)	(451,175)	-
Repayment of note payable	(20,035)	-	(20,035)	(17,890)
Net cash provided (used) in noncapital financing activities	<u>(2,759)</u>	<u>(382,706)</u>	<u>(385,465)</u>	<u>68,884</u>
Net increase in cash and cash equivalents	53,475	156,114	209,589	591,587
Cash and cash equivalents, beginning	<u>429,951</u>	<u>721,083</u>	<u>1,151,034</u>	<u>559,447</u>
Cash and cash equivalents, ending	<u>\$ 483,426</u>	<u>\$ 877,197</u>	<u>\$ 1,360,623</u>	<u>\$ 1,151,034</u>
Reconciliation of net income to net cash provided (used) by operating activities:				
Net income (loss) before transfers	\$ (62,205)	\$ 35,101	\$ (27,104)	\$ 1,914,818
Adjustments to reconcile net income to net cash provided by operating activities:				
(Increase) decrease in loans receivable	118,439	503,719	622,158	(1,373,896)
Increase in foreclosed real estate	-	-	-	(18,219)
Net cash provided by operating activities	<u>\$ 56,234</u>	<u>\$ 538,820</u>	<u>\$ 595,054</u>	<u>\$ 522,703</u>

The accompanying notes are an integral part of this statement.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Acadiana Regional Development District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the District as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the District.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The various funds of the District are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the District are described below:

Governmental Fund Types:

General Fund -

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Special Revenue Funds -

The Major Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Additionally, the District has chosen to report the activity of all special funds as Major Special Revenue Funds.

Proprietary Fund Type:

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following are the District's proprietary fund types:

Enterprise Fund -

The Enterprise Fund is used for activities which are financed and operating in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. This fund includes the Rural Business Enterprise Grant and the EDA Revolving Loan Program.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for cost-reimbursement type grants are recognized when the related expenditure is incurred.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District. As a whole, program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Budgets and Budgetary Accounting

Budgets for the various programs are prepared according to source and object by the individual department heads and are submitted to the Executive Director for approval. After preliminary approval, all budgets are compiled and submitted to the Board of Directors for final approval. Once Board approval and adoption is complete, the budget is then entered into the financial statements and monthly comparisons are made. Six months into the year a budget revision is completed and the same procedures are followed as with the original budget. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP).

Transfers and Interfund Loans

Advances between funds where repayment is not expected are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables and payables.

Reservations of Fund Balances

The District "reserves" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Bad Debts

The District provides an allowance for loan losses equal to the estimated uncollectible amounts. The allowance is based on the District's review of the current status of loans receivable under the revolving loan programs. It is reasonably possible that the District's estimate of the allowance for loan losses will change. EDA Relending Program loans receivable are presented net of an allowance for loan losses of \$50,000 at June 30, 2010. BRGLP Relending Program loans receivable are presented net of an allowance for loan losses of \$531,000 at June 30, 2010.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives of equipment are five to seven years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Use of Estimates

The District's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results may differ from these estimates.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 2 REVENUE RECOGNITION

Revenues from intergovernmental grants received before related costs are incurred are deferred until such costs are expended. Revenues from intergovernmental grants on a cost reimbursement basis are recognized as related costs are obligated and resultant receivable accrued. For the year ended June 30, 2009 and subsequent periods, moneys for local dues are billed on a calendar year basis and revenue is recognized in the fiscal year received.

NOTE 3 CASH

Cash accounts at June 30, 2010 consist of the following:

Cash in bank, unrestricted	\$ 62,390
Cash in bank, restricted	<u>1,360,623</u>
	<u>\$ 1,423,013</u>

Restricted cash consists of amounts in the Proprietary Fund Type which is restricted by grant provisions for relending or repayment of note payable.

The District maintains its cash in bank deposit accounts at local financial institutions. The balances, at times, may exceed federally insured limits.

NOTE 4 INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 2010 consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 115,817	\$ -
Special Revenue Funds -		
Rural Business Enterprise Grant	-	5,230
Business Recovery Grant/Loan Program	-	78
EDA	-	90,921
Small Firm TA Program	38,245	-
Recovery Workforce Program	48,087	-
Other Funds	-	16,245
Enterprise Fund		
BRGLP Relending Program	-	72,573
EDA Relending Program	-	17,102
	<u>\$ 202,149</u>	<u>\$ 202,149</u>

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 5 LONG TERM AND SHORT TERM DEBT OBLIGATIONS

The district's business-type fund has the following long term debt obligation:

Line-of-credit in the amount of \$800,000 from Farmers' Home Administration, bearing interest at 1% per annum, dated October 1, 1993, with annual principal and interest payments commencing June 11, 1996. Collateral consists of mortgages on real estate, equipment and inventory of the ultimate recipients in the loan program and security in the District's loan portfolio.

\$ 233,165

The annual requirements to amortize debt outstanding at June 30, 2010, including interest payments of \$15,268 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	18,774	2,340	21,114
2012	18,962	2,152	21,114
2013	19,151	1,963	21,114
2014	19,343	1,771	21,114
2015	19,536	1,578	21,114
2016 - 2020	100,651	4,919	105,570
2021 - 2022	<u>36,748</u>	<u>545</u>	<u>37,293</u>
	<u>\$ 233,165</u>	<u>\$ 15,268</u>	<u>\$ 248,433</u>

The District's general fund has the following short term debt obligations:

During the fiscal year ended June 30, 2008 the District established a \$100,000 line of credit at Capital One. The line of credit is currently bearing interest at an annual rate of 6.88%. This line of credit had a balance of \$84,009 at June 30, 2010.

During April of 2009 the District issued a Taxable Grant Anticipation Note, Series 2009 in the amount of \$500,000 for the purpose of covering cash flow needs for operational expenses, and for delays in receiving certain grant funds, and for repaying \$250,000 of the maturing Grant Anticipation Note issued during the prior year. The Note bears interest at a rate of 5.0% and by its terms requires semi-annual payments in May and November for interest only, and payment of \$500,000 principal at the maturity date of May 1, 2012. Payment of principal prior to the maturity date is allowed without penalty. The Note is secured by and payable from an irrevocable pledge and dedication of certain grant funds.

NOTE 6 BOARD OF DIRECTORS

All services provided by Board members of the District are on a voluntary basis and they receive no compensation for serving as a director or officer nor do they receive any per diem or travel allowances.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Notes to Financial Statements

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions, injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the District's insurance coverage.

NOTE 8 OPERATING LEASES

Acadiana Regional Development District entered into a month to month lease agreement for office space in Lafayette, Louisiana at a monthly cost of \$1,500. This lease agreement is expected to continue into the future under the same terms.

NOTE 9 BUSINESS RECOVERY LOAN RELENDING PROGRAM

Pursuant to the Business Recovery Grant and Loan Guidelines, Acadiana Regional Development District issued (66) Phase I loans totaling \$4,118,500 and (30) Phase II loans totaling \$2,040,280 funded by federal awards from the Department of Housing and Urban Development. Loan recipients were typically small and independent businesses in the most impacted areas of Louisiana, who were experiencing depressed revenues since Hurricanes Katrina and Rita. These loans are uncollateralized. Phase I loans are non-interest bearing and Phase II loans are non-interest bearing for two years and then bear interest at a rate of 4.0%. Loans are to be repaid over three to seven years, as determined appropriate by Acadiana Regional Development District. Loan repayments are restricted for the purpose of creating a revolving loan fund from which additional loans may be made. During the years ended June 30, 2009 and 2010 relending loans in the amount of \$133,886 and \$498,850, respectively, have been issued.

NOTE 10 SUBSEQUENT EVENTS

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (ASC 855) which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This is effective for financial periods ending after June 1, 2009. We have evaluated events subsequent to the balance sheet through December 27, 2010, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2010**

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 2,805,657	\$ 54,997	\$ 10,247	\$ (44,750)
State grants	12,000	197,151	13,746	(183,405)
Local funds	32,000	37,000	29,103	(7,897)
Other	<u>34,700</u>	<u>14,100</u>	<u>13,067</u>	<u>(1,033)</u>
Total revenues	<u>2,884,357</u>	<u>303,248</u>	<u>66,163</u>	<u>(237,085)</u>
Expenditures:				
Personnel	224,137	157,174	139,834	17,340
Advertising	8,407	4,031	3,992	39
Board activities	1,000	800	853	(53)
Consulting and contractual	92,445	68,441	74,930	(6,489)
Dues and subscriptions	3,650	2,760	2,156	604
Equipment costs	7,249	1,516	1,830	(314)
Insurance and bonding	5,300	5,113	5,179	(66)
Interest	5,600	3,000	30,390	(27,390)
Miscellaneous	11,598	17,429	22,151	(4,722)
Supplies	13,154	6,294	6,303	(9)
Professional fees	18,175	7,727	8,216	(489)
Rent and utilities	23,950	10,329	9,861	468
Telephone	10,200	4,238	4,049	189
Training	2,150	1,640	1,692	(52)
Travel	17,310	12,756	11,829	927
Capital outlay	<u>2,400,000</u>	<u>-</u>	<u>3,675</u>	<u>(3,675)</u>
Total expenditures	<u>2,844,325</u>	<u>303,248</u>	<u>326,940</u>	<u>(23,692)</u>
Excess (deficiency) of revenues over expenditures	40,032	-	(260,777)	(260,777)
Other financing sources (uses):				
Operating transfers in	-	-	151,958	151,958
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>151,958</u>	<u>151,958</u>
Excess of revenues over expenditures and other financing sources (uses)	40,032	-	(108,819)	(108,819)
Fund balance, beginning	<u>213,182</u>	<u>213,182</u>	<u>213,182</u>	<u>-</u>
Fund balance, ending	<u>\$ 253,214</u>	<u>\$ 213,182</u>	<u>\$ 104,363</u>	<u>\$ (108,819)</u>

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2010

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 9,432,371	\$ 274,990	\$ 246,539	\$ (28,451)
State grants	-	-	-	-
Local funds	8,434	20,666	13,381	(7,285)
Other	-	-	2,250	2,250
Total revenues	<u>9,440,805</u>	<u>295,656</u>	<u>262,170</u>	<u>(33,486)</u>
Expenditures:				
Personnel	432,659	408,516	364,312	44,204
Grant/loan disbursements	8,556,814	-	-	-
Advertising	6,000	5,390	2,593	2,797
Bad debts	-	-	58,300	(58,300)
Board activities	50	50	-	50
Consulting and contractual	205,450	156,167	17,925	138,242
Dues and subscriptions	6,030	5,330	1,816	3,514
Equipment costs	7,094	3,803	2,439	1,364
Insurance and bonding	4,936	4,736	6,222	(1,486)
Miscellaneous	6,400	10,694	9,339	1,355
Supplies	8,687	8,484	4,384	4,100
Professional fees	19,120	15,820	23,991	(8,171)
Rent and utilities	17,615	15,415	30,260	(14,845)
Technical assistance	59,044	69,672	16,524	53,148
Telephone	8,340	7,830	13,586	(5,756)
Training	4,650	2,268	6,473	(4,205)
Travel	6,250	4,766	12,993	(8,227)
Total expenditures	<u>9,349,139</u>	<u>718,941</u>	<u>571,157</u>	<u>147,784</u>
Excess (deficiency) of revenues over expenditures	91,666	(423,285)	(308,987)	114,298
Other financing sources (uses):				
Operating transfers in	-	423,285	349,136	(74,149)
Operating transfers out	-	-	(49,919)	(49,919)
Total other financing sources (uses)	<u>-</u>	<u>423,285</u>	<u>299,217</u>	<u>(124,068)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	91,666	-	(9,770)	(9,770)
Fund balance, beginning	<u>48,015</u>	<u>48,015</u>	<u>48,015</u>	<u>-</u>
Fund balance, ending	<u>\$ 139,681</u>	<u>\$ 48,015</u>	<u>\$ 38,245</u>	<u>\$ (9,770)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



**Darnall, Sikes,
Gardes Frederick.**

(A Corporation of Certified Public Accountants)

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of
Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors of
Acadiana Regional Development District
Lafayette, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Acadiana Regional Development District (a nonprofit corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Acadiana Regional Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Acadiana Regional Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Acadiana Regional Development District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 10-01 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Eugene H. Darnall, CPA, Deceased 2009

E. Larry Sikes, CPA/PFS, CVA, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
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Stephanie M. Higginbotham, CPA
John P. Armato, CPA
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Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
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Jeremy C. Meaux, CPA

Kathleen T. Darnall, CPA
Dustin B. Baudin, CPA, M.S. Tax
Kevin S. Young, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Cecelia A. Hoyt, CPA
Blaine M. Crochet, CPA, M.S.
Rachel W. Ashford, CPA
Veronica L. LeBlau, CPA
Jacob C. Roberie, CPA
S. Luke Sonnier, CPA
Kyle P. Salzman, CPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Acadiana Regional Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 10-02 and 10-03.

The Acadiana Regional Development District's response to the findings identified in our audit is described in the accompanying management's corrective action plan. We did not audit the Acadiana Regional Development District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the organization, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this document is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 27, 2010



**Darnall, Sikes,
Gardes Frederick.**

(A Corporation of Certified Public Accountants)

**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133**

The Board of Directors of
Acadiana Regional Development District
Lafayette, Louisiana

Compliance

We have audited the compliance of the Acadiana Regional Development District (a nonprofit corporation) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Acadiana Regional Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Acadiana Regional Development District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Acadiana Regional Development District's compliance with those requirements.

In our opinion, the Acadiana Regional Development District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Eugene H. Darnall, CPA, Deceased 2009

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Internal Control Over Compliance

The management of the Acadiana Regional Development District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Acadiana Regional Development District's response to the findings identified in our audit is described in the accompanying management's corrective action plan. We did not audit the Acadiana Regional Development District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
December 27, 2010

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Summary Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2010

09-01 Reconciliation of the General Ledger to the Subsidiary Ledger of Business Recovery Loans Receivable Balances

Finding: Management of Acadiana Regional Development District has stated that personnel within the organization were assigned the task of reconciling the transactions and loan balances from the accounting system to the transactions and loan balances from the independent computer software package utilized to administer the loan program. However, documentation or evidence of the implementation of this procedure was not maintained and made available to us when requested. Furthermore, procedures applied to test the fiscal year end balances from the two systems revealed certain discrepancies which required adjustment of loan balances on the accounting system. The need for such adjustment indicates that the recommendations from the prior year have not yet been fully and effectively implemented.

Recommendation: The balances from the general ledger and the subsidiary ledger should be reconciled on a monthly basis. The reconciliation should be reviewed and approved by a member of management on a monthly basis, and evidence of the reconciliation procedure should be maintained for an appropriate period of time.

Status: This finding has been resolved.

09-02 Matching of Revenues and Expenditures on Cost-Reimbursement Grants

Finding: The financial statements provided for audit indicated that Recovery Workforce Training Program Fund's operations resulted in a substantial deficiency of revenues over expenditures. This grant is designed to be a cost-reimbursement type program, therefore, the fund's operations should result in revenue amounts that match expenditure amounts. Acadiana Regional Development District has not implemented effective control procedures to reconcile revenues and expenditures of the Recovery Workforce Training Program and other cost-reimbursement grant programs in a manner that demonstrates compliance with the appropriate matching of costs incurred to grant requests for reimbursement.

Recommendation: A system of effective control procedures should be designed and implemented to assure that only allowable expenditures are charged to cost-reimbursement type programs, that the expenditure records serve as a basis for the preparation of requests for reimbursement, and that financial reporting demonstrates the appropriate matching of costs incurred to revenues recognized.

Status: This finding has been resolved.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs Year Ended June 30, 2010

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Acadiana Regional Development District's financial statements as of and for the year ended June 30, 2010.

Internal Control Deficiencies – Financial Reporting

A significant deficiency in internal control over financial reporting was noted during the audit of the financial statements and is reported as item 10-01 in Part 2.

Material Noncompliance - Financial Reporting

The results of our tests disclosed instances of noncompliance which are required to be reported under *Government Auditing Standards* which are reported as items 10-02 and 10-03 in Part 2.

FEDERAL AWARDS

Major Program - Identification

Acadiana Regional Development District, at June 30, 2010, had one major program:
U.S. Department of Commerce - Economic Adjustment Assistance (CFDA #11.307)

Low-Risk Auditee

The Acadiana Regional Development District was not considered a low-risk auditee for the fiscal year ended June 30, 2010.

Major Program Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 2010.

Auditor's Report - Major Programs

An unqualified opinion has been issued on Acadiana Regional Development District's compliance for the major program as of and for the year ended June 30, 2010.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

FEDERAL AWARDS (CONTINUED)

Internal Control Deficiencies – Federal Programs

No material weaknesses or significant deficiencies in internal control over compliance with major programs were disclosed during the audit of the major program.

Compliance Findings Related to Federal Programs

The audit did not disclose any material noncompliance or questioned costs relative to the major program.

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*

10-01 Review of Outstanding Accounts Receivable

Finding: Acadiana Regional Development District invoices various entities for local dues and other services and grants. A review of the accounts receivable subsidiary detail at June 30, 2010 revealed several invoices that were outstanding for over 90 days. Upon further analysis it was concluded that these invoices were uncollectible and required adjustments so as not to overstate revenues and accounts receivable balances.

Recommendation: When financial statements are prepared, management should review the accounts receivable subsidiary detail and make appropriate adjustments when circumstances indicate that collection of invoiced amounts will not occur.

10-02 Loans to Businesses in Ineligible Parishes

Finding: The *Louisiana Revolving Capital Fund Agreement* between Acadiana Regional Development District and Louisiana Economic Development (LED) specifies a 20 parish area for recipient eligibility. A performance monitoring review indicates that two loans were made to businesses in ineligible parishes. The loan amounts were \$71,850 and \$52,000.

Recommendation: Acadiana Regional Development District should comply with the provisions of the *Louisiana Revolving Capital Fund Agreement* and follow the corrective actions outlined by Louisiana Economic Development (LED).

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2010

Part 2 Findings Relating to an Audit in Accordance with *Government Auditing Standards*
(Continued)

10-03 Costs Associated with Administration of Revolving Capital Fund

Finding: The *First Amendment to Louisiana Revolving Capital Fund Agreement* between Acadiana Regional Development District and Louisiana Economic Development (LED) states "up to 15% of amounts generated by repaid loans, including principal and interest, may be used by the Intermediary for reasonable costs associated with the administration of the Revolving Capital Fund (RCF). The Intermediary shall be responsible for maintaining appropriate documentation to prove that such costs are reasonable and specific to the administration of the RCF." A performance monitoring review indicates that costs were being allocated to RCF Administration at a rate which was not reasonable. Principal and interest received from inception of the program through June 30, 2010 totaled \$1,960,489. Assuming that Acadiana Regional Development District was able to justify direct expenses incurred in connection with managing the program, the maximum administrative fee to be earned would have totaled \$294,073. During the year ended June 30, 2010, a total of \$451,175 in transfers had been made to the operating account.

Recommendation: Acadiana Regional Development District should comply with the provisions of the *First Amendment to Louisiana Revolving Capital Fund Agreement* and follow the corrective actions outlined by Louisiana Economic Development (LED).

Part 3 Findings and Questioned Costs Relating to the Federal Programs

There are no findings and questioned costs related to federal programs.

ACADIANA REGIONAL DEVELOPMENT DISTRICT

Management's Corrective Action Plan for Current Year Findings Year Ended June 30, 2010

Response to Finding 10-01: Management has met with bookkeeping and financial personnel and has instituted additional policies relative to ARDD's invoices to entities for local dues and other services and grants. These policies require that when financial statements are prepared, management will review the account receivable subsidiary details and make appropriate adjustments when circumstances indicate that collection of invoiced amounts will not occur.

Response to Finding 10-02: Action has been taken to review all eligibility requirements of the Louisiana Revolving Capital Agreement and ARDD will follow the corrective action outlined by LED relative to eligible parishes for lending.

Response to Finding 10-03: ARDD is in the process of reviewing the First Amendment to the Louisiana Revolving Capital Fund Agreement between Acadiana Regional Development District and Louisiana Economic Development (LED) to clarify language in the agreement that may have led to misunderstanding in determining cost associated with administration of the Revolving Capital Fund (RCF). Additionally, corrective action has been taken to insure that only fifteen percent (15%) of amounts generated by repaid loans from the Phase I and Phase II of the Louisiana Business Recovery Grant and Loan Program (BRGL) are to be used by ARDD for the intended purpose of supporting small business and general economic development in Louisiana and in connection therewith will use such funds to operate the Revolving Capital Fund (RCF).

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
U.S. DEPARTMENT OF COMMERCE		
Direct Program:		
Economic Development - Technical Assistance	11.303	126,110
Economic Adjustment Assistance	11.307	<u>786,065</u>
Total U.S. Department of Commerce		<u>912,175</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
Passed through Louisiana Department of Economic Development and Louisiana Office of Community Development		
Community Development Block Grants / State's Program		
Small Firm Technical Assistance	14.228	<u>14,430</u>
Total U.S. Department of Housing & Urban Development		<u>14,430</u>
SMALL BUSINESS ADMINISTRATION (SBA)		
Direct Program:		
Office of Small Disadvantaged Business Certification and Eligibility	59.049	<u>17,010</u>
U.S. DEPARTMENT OF AGRICULTURE		
Direct Program:		
Rural Business Enterprise Grant	N/A	<u>20,746</u>
DELTA REGIONAL AUTHORITY		
Direct Program:	N/A	<u>28,000</u>
ENVIRONMENTAL PROTECTION AGENCY		
Direct Program:		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>10,247</u>
 Total federal assistance		 <u>\$ 1,002,608</u>

ACADIANA REGIONAL DEVELOPMENT DISTRICT

**Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2010**

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the Acadiana Regional Development District and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."*

NOTE 2 LOAN VALUE

In accordance with EDA requirements, the value of loans outstanding at June 30, 2010 under the Economic Adjustment Program Revolving Loan Fund was \$394,566.